

**THE OFFICE OF REGULATORY STAFF**

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**ROY H. BARNETTE**

**May 27, 2008**



**DOCKET NO. 2008-5-G**

**ANNUAL REVIEW OF PURCHASED GAS  
ADJUSTMENT AND GAS PURCHASING  
POLICIES OF SOUTH CAROLINA ELECTRIC  
AND GAS COMPANY**

May 27, 2008

Page 1 of 11

**DIRECT TESTIMONY OF ROY H. BARNETTE**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2008-5-G**

**IN RE: ANNUAL REVIEW OF PURCHASED GAS ADJUSTMENT AND GAS  
PURCHASING POLICIES OF SOUTH CAROLINA ELECTRIC AND GAS  
COMPANY**

**Q. PLEASE STATE FOR THE RECORD YOUR NAME, BUSINESS ADDRESS  
AND OCCUPATION.**

**A.**        My name is Roy H. Barnette. My business address is 1441 Main Street,  
Suite 300, Columbia, South Carolina, 29201. I am employed by the Office of  
Regulatory Staff ("ORS") as an Audit Manager.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

**A.**        Following a six year enlistment in the United States Marine Corps, I  
received a B.A. Degree in Business Administration with a major in Accounting  
from the University of South Carolina in 1968. From 1968 to 1971, I was employed  
with S.D. Leidesdorf and Company, a national CPA firm in Charlotte, North  
Carolina. In 1972, I entered the private business sector, where I was employed by  
Bagnal Builders Supply Company, Inc., here in Columbia, serving as Senior Vice  
President and Chief Financial Officer from 1972 until September 1999. From  
September 1999 until December 2004, I was employed as a member of the Audit

**THE OFFICE OF REGULATORY STAFF  
1441 Main Street, Suite 300  
Columbia, SC 29201**

May 27, 2008

Page 2 of 11

1        Staff of the Public Service Commission of South Carolina ("Commission") where I  
2        participated in cases involving the regulation of gas, water and wastewater  
3        companies. In January 2005, I began my employment with the South Carolina  
4        ORS.

5        **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING SOUTH**  
6        **CAROLINA ELECTRIC AND GAS COMPANY, INC., IN THIS DOCKET?**

7        **A.**        In Docket No. 87-426-G, Order No. 87-898, dated August 14, 1987, the  
8        Commission instituted an annual examination of the Purchased Gas Adjustment  
9        ("PGA") and Gas Purchasing Policies of South Carolina Electric and Gas Company  
10       ("SCE&G" or the "Company"). In accordance with the above referenced order, the  
11       ORS Audit Staff has examined the Company's gas cost for the review period of  
12       March 1, 2007 through February 29, 2008, as established in Docket No. 2008-5-G.  
13       The purpose of my testimony is to present ORS Audit Department's findings and  
14       recommendations resulting from our examination of the Company's gas costs for  
15       this period.

16       **Q. WHAT ARE THE MOST RECENT COST OF GAS FACTORS FILED**  
17       **WITH THIS COMMISSION?**

18       **A.**        In PGA Docket No. 2006-5-G, Order No. 2006-679, dated November 13,  
19       2006, the Company was authorized, after proper notification to the Commission,  
20       ORS and the South Carolina Energy Users Committee ("SCEUC"), as set forth in  
21       the Settlement Agreement, to adjust its cost of gas factors on a monthly basis for  
22       material differences of \$0.01 per therm or more in any cost of gas factor beginning  
23       with the first billing cycle of each month. These factors were adjusted during the

May 27, 2008

Page 3 of 11

months of March, April, June, August, September, November, December 2007, and January and February 2008. The Company Demand Cost of Gas Factor ("DCOG"), and Commodity Cost Of Gas Factors ("CCOG") were as listed below:

<u>DCOG Per Therm</u>	As of Feb. 28, 2007	As of Feb. 29, 2008
Residential	\$0.25298	\$0.21273
Small/Med. General Service	\$0.18478	\$0.14752
Large General Service	\$0.15511	\$0.18465
<u>CCOG Per Therm</u>	\$0.88402	\$0.88633

**Q. DID ORS CONDUCT AN EXAMINATION OF THE COMPANY'S (OVER)/UNDER REVENUE COLLECTION CALCULATIONS?**

**A.** Yes. ORS has examined the Company's Cumulative (Over)/Under Collection calculations for the review period ended February 29, 2008, and traced amounts to the books and records of the Company and to supporting documentation.

**Q. IN CONNECTION WITH YOUR TESTIMONY, DID YOU PREPARE, OR CAUSE TO BE PREPARED, CERTAIN EXHIBITS?**

**A.** Yes. Audit Exhibit RHB-1 through Audit Exhibit RHB-5 are attached to my testimony.

**Q. PLEASE EXPLAIN THE FORMAT USED IN AUDIT EXHIBIT RHB-1.**

**A.** Audit Exhibit RHB-1 presents the Company's Cumulative (Over)/Under Collection calculation by month for the review period ended February 29, 2008.

- Column (1) represents total Firm Commodity Costs.
- Column (2) contains the Firm Sales Therms.

May 27, 2008

Page 4 of 11

- 1        • Column (3) calculates the Commodity Cost per Therm by dividing the Total  
2        Firm Commodity Cost shown in Column (1) by Total Firm Sales Therms  
3        shown in Column (2).
- 4        • Column (4) is the Billing Commodity Cost per Therm or the actual rate billed  
5        by SCE&G to its firm customers as commodity cost. These Billing Costs per  
6        therm were adjusted in accordance with Order No. 2006-679.
- 7        • Column (5) shows the difference between the actual cost per therm and the  
8        billing cost per therm.
- 9        • Column (6) reflects the Commodity (Over)/Under Collection for each month  
10       which is calculated by multiplying by the volume in Column (2) by the  
11       Difference in Column (5) and includes the calculation of recoverable carrying  
12       costs associated with Commodity (Over)/Under collection. Beginning with  
13       the month of November 2007, Column (6) also contains, on a monthly basis,  
14       the amounts of gas costs deemed uncollectible. (Please see discussion below  
15       for further explanation).
- 16       • Column (7) presents the Demand Cost (Over)/Under Collection component  
17       which is calculated on Exhibit RHB-2, and the calculation of the recoverable  
18       carrying costs associated with the Demand (Over)/Under collection.
- 19       • Column (8) presents supplier and Company corrections and adjustments,  
20       subsequently verified by ORS.
- 21       • Column (9) presents the Total Monthly (Over)/Under Collection which  
22       summarizes the current month (over) or under collection and any prior month  
23       adjustments posted in the current month.

May 27, 2008

Page 5 of 11

- 1            • Column (10) shows the Cumulative (Over)/Under Collection balance by  
2            month and at the end of the review period.

3     **Q. PLEASE EXPLAIN THE CALCULATION OF CARRYING COST.**

4     **A.**            In accordance with Order No. 2006-679, carrying cost is computed using  
5            the rate of interest, as of the first day of each month, for 10-year U.S. Government  
6            Treasury Bills plus an all-in spread of 65 basis points, not to exceed 6%, and shall  
7            not be applied to (Over)/Under-Collection balances equal to or exceeding \$20  
8            million. The computed carrying costs for both Commodity and Demand are shown  
9            by month and have been recalculated and the rates verified to those published in the  
10           Wall Street Journal on the first day of each month.

11   **Q. WERE THERE OTHER FACTORS WHICH IMPACTED THE**  
12   **(OVER)/UNDER CALCULATION FOR THIS REVIEW PERIOD?**

13   **A.**            Yes. This schedule contains four (4) areas which require further explanation.  
14            They are as follows:

15     **Rate 35 Transportation Volumes:** The Commission, in Docket No. 2007-5-G,  
16            Order No. 2007-595 dated September 6, 2007, authorized the Company to recover  
17            the un-billed demand costs accumulated under the PGA tariff sheet approved in  
18            Docket No. 2005-113-G, Order No. 2005-619 dated October 31, 2005. This  
19            adjustment was the result of the inclusion of an incorrect formula in the Settlement  
20            Agreement tariff schedules published as part of Docket No. 2005-113-G. Through  
21            the end of the prior PGA review period, September 2006 through February 2007  
22            (Docket No. 2007-5-G), the Company had calculated a total under-billing related to  
23            the application of this tariff of \$1,189,575. This amount was reflected in Exhibit

May 27, 2008

Page 6 of 11

RHB-1 of witness Roy H. Barnette's testimony in the previous docket. By the time the Company was authorized to post the adjustment in July of 2007, the amount had grown to \$1,902,941. The Company's July 2007 adjustment is shown in column (8) of ORS's Exhibit RHB-1 as a Prior Month Adjustment. This amount is comprised of \$1,189,575 for the period April 2006 through February 2007 and \$713,366 from March 2007 through July 2007. Effective August 2007, the Company changed its tariff sheet to reflect the correct calculation formula for demand cost recovery. In order to reflect the correct ending balance in the Cumulative (Over)/Under Collection, the amount shown in the previous PGA filing needed to be reversed and included in the Company adjustment of \$1,902,941.

**Uncollectible Gas Costs:** In Order No. 2006-679, the Commission authorized the Company to "recover its uncollectible gas costs through the commodity cost of gas beginning with the first billing cycle in November 2007 and timed to coincide with any rate adjustment approved as a result of SCE&G's 2007 Rate Stabilization Act filing." These amounts will be addressed further in the testimony of ORS Witness Flynt.

**Franchise Fees:** On December 20, 2007, SCE&G requested special accounting treatment related to municipal fees under Docket No. 2007-459-E. Under that filing, the Company requested that its accumulated balance of deferred franchise fees as of December 2006 be credited to its customers through the fuel adjustment clause ("FAC") and PGA proceedings. On January 25, 2008, the Commission issued Order No. 2008-49 granting the requested accounting treatment. As a result, the accumulated balances from gas operations as of December 31, 2006, totaling

May 27, 2008

Page 7 of 11

1        \$10,540,223 were credited to the customers as a reduction to the cost of gas through  
2        the PGA. Order No. 2008-49 granted the request for special accounting treatment  
3        subject to review and reconsideration in future fuel clause proceedings, cost of gas  
4        proceedings, or other rate-related proceedings. The Commission undertook a full  
5        review of the above accounting treatment in conjunction with the Company's FAC  
6        hearing in Docket No. 2008-2-E. Beginning January 2007, SCE&G proposed to  
7        record the current year payment of franchise fees as a prepaid expense on the  
8        balance sheet, and record collections of these fees as "other gas revenue," net of the  
9        amortization of the prior year payment. This procedure will allow any future  
10       differences between prepayments and collections to flow through operating results  
11       as regulated income, and avoid any accumulations in prepaid accounts. At the same  
12       time, this change will have no impact on the way the customers are currently billed  
13       for the franchise fees.

14       **June 2007 – (Over)/Under Calculation:** In May of 2007, the Company filed a  
15       revised gas tariff, under its gas cost recovery mechanism, for the month of June  
16       2007. However, during the first six billing cycles of June 2007 the Company failed  
17       to implement the revised rates. For those six cycles the Company used the rates that  
18       were in effect for the months of April and May 2007. This resulted in an under-  
19       billing during the month of June 2007 of \$57,174. This amount consists of \$7,962  
20       applicable to commodity cost included in column (6) and \$49,212 applicable to  
21       demand cost included in column (7). As the Company is permitted by Commission  
22       regulations to bill and collect these under-billings, the total amount of (\$57,174) has



May 27, 2008

Page 8 of 11

1        been added to the Cumulative (Over)/Under Collection as of June 2007 in column  
2        (10) thereby increasing the reported over collection at that date.

3        The total over collection at the end of the review period is \$6,773,842.

4        **Q. PLEASE EXPLAIN AUDIT EXHIBIT RHB-2.**

5        **A.**        This exhibit shows the calculation of the Demand Cost (Over)/Under  
6        Recovery by month, by customer class.

7        •        Net Firm Capacity Charges, Line (1) amounts are allocated to the three  
8        customer classes. For the months of November 2006 through July 2007 the  
9        amounts were allocated using the percentage allocation approved by the  
10       Commission in Order No. 2006-679. Effective August 1, 2007 the allocation  
11       percentages were changed in accordance with, Order No. 2007-595.

12       •        Line (2) contains the Actual Sales Therms for the period reported by class of  
13       customer.

14       •        Line (3) presents the Actual Demand Charges per Therm by customer class  
15       and is a calculation of the Net Firm Capacity Charges on Line (1) divided by  
16       the Actual Sales Therms on Line (2).

17       •        Line (4) presents the Projected Charges per Therm by customer class as  
18       adjusted monthly by the Company filings with the Commission, ORS and  
19       SCEUC.

20       •        Line (5) is the Difference between Actual Demand Charges per Therm and  
21       Projected Charges per Therm by customer class.

22       •        Line (6) contains the Actual Sales Therms, for the period, reported by class of  
23       customer.

- 1        •     Line (7) represents the (Over)/Under Demand Charges, by customer class,  
2                calculated by multiplying the demand cost differences calculated on Line (5)  
3                by the sales volumes shown on Line (6). The totals shown on Line (7) are  
4                then carried forward, by month, to Column (7) on Audit Exhibit RHB-1.

5     **Q.    WHAT IS INCLUDED ON AUDIT EXHIBIT RHB-3?**

6     **A.**        Audit Exhibit RHB-3 shows the detail of gas held in underground storage  
7                during the review period. ORS has verified injections and withdrawals, by month,  
8                for each of the storage fields on the Southern and Transco interstate pipelines. The  
9                Southern system's Customer Storage Service ("CSS") has two fields: Muldon,  
10               located in Prairie County, Mississippi and Bear Creek, located in Bienville Parish,  
11               Louisiana. The Transco system has four fields: General Storage Service ("GSS")  
12               located in Potter and Clinton counties, Pennsylvania; Eminence Storage Service  
13               ("ESS") located in Covington County, Mississippi; a Liquefied Natural Gas Storage  
14               Service ("LGA") located in Carlstadt, New Jersey; and Washington Storage Service  
15               ("WSS") located in St. Landry Parish, Louisiana. For the period under review, total  
16               underground storage injections were 4,111,107 dekatherms at a total cost of  
17               \$29,436,829 which converts to an average injection rate of \$7.16 per dekatherm.  
18               Withdrawals totaled 4,805,513 dekatherms at a total cost of \$38,033,567 which  
19               converts to an average withdrawal rate of \$7.91 per dekatherm. Total underground  
20               storage inventory at February 29, 2008 equaled 2,654,476 dekatherms with a total  
21               cost of \$20,348,527, or a weighted average cost of \$7.67 per dekatherm.

1     **Q.    WHAT IS INCLUDED ON AUDIT EXHIBIT RHB-4?**

2     **A.**            Audit Exhibit RHB-4 details, by month, total LNG inventory activities for  
3            the Salley and Bushy Park facilities. ORS has verified these inventories to the  
4            books and records of the Company, including inventory records. These inventories  
5            are reported on a one thousand cubic feet ("MCF") basis. This exhibit summarizes  
6            all the activity affecting inventory including boil-off, vaporization, liquefaction,  
7            volume transfers between facilities, gas lost to atmosphere, volume adjustments,  
8            transportation expenses and direct costs capitalized. Capitalized costs at both  
9            facilities consist mostly of expenses associated with the liquefaction capability at  
10          the Bushy Park facility, some of which are allocated to Salley based on the ratio of  
11          volume transported to Salley, when applicable. Total LNG inventory on February  
12          29, 2008 totaled 1,035,066 MCF at a total cost of \$8,434,620, or a weighted  
13          average rate of \$8.15.

14    **Q.    WHAT IS INCLUDED ON AUDIT EXHIBIT RHB-5?**

15    **A.**            Audit Exhibit RHB-5 details the results of the Company's hedging program  
16          for the period under review. In Order No. 2006-679, the Commission authorized  
17          SCE&G's establishment and implementation of a financial hedging program to  
18          begin effective November 1, 2006. The results, as shown in this exhibit, are  
19          reflected in gains or losses on a monthly basis net of brokerage fees, commissions  
20          and related expenses resulting from the purchase of options to buy gas futures  
21          contracts ("Call Options"), the purchase of options to sell gas futures contracts  
22          ("Put Options"), and "Swaps." Swaps are individually negotiated transactions  
23          between SCE&G and certain financial institutions. The Company purchases these

May 27, 2008

Page 11 of 11

1        "Call" and "Put" options at various strike prices. The strike price is the specified  
2        price at which a gas futures contract could be bought ("Call Option") or sold ("Put  
3        Option") if the options are exercised. During the review period the Company  
4        purchased a net of 1,083 contracts of Futures and Swaps. The purchases and/or  
5        sales of these transactions were verified, on a test basis, by tracing them to the  
6        broker statements in detail. The operation of the hedging program, including the  
7        purchase and sale of options/swaps, related fees and other expenses for the review  
8        period, resulted in an increase in the cost of gas in the amount of \$19,038,105.  
9        Since its inception, the Company's hedging program has increased the Cost of Gas  
10       by \$36,565,266.

11    **Q.   WHAT ARE ORS'S FINDINGS REGARDING SCE&G'S GAS COSTS?**

12    **A.**        Based on the examination, it is the opinion of ORS that gas costs are,  
13        subject to the adjustments described herein, accurately stated and that amounts  
14        shown fairly represent the Company's costs incurred for the period March 2007  
15        through February 2008.

16    **Q.   DOES THAT CONCLUDE YOUR TESTIMONY?**

17    **A.**        Yes, it does.

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2008-S-G**  
**(OVER)/UNDER REVENUE COLLECTION**  
**FOR THE TWELVE MONTHS ENDED FEBRUARY 29, 2008**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total Firm Commodity Cost	Total Firm Sales Therms	Commodity Cost Per Therm (1) + (2)	Billing Commodity Cost Per Therm	Difference (3) - (4)	Commodity (Over)/Under Collection (2) X (5)	Demand (Over)/Under Collection	Prior Month Adjustments	Total Monthly (Over)/Under Collection	Cumulative (Over)/Under Collection
\$	#	\$	\$	\$	\$	\$	\$	\$	\$
Ending Balance per ORS at February 28, 2007									7,012,662
Less: SCE&G adjustment to exclude Rate 35 Transportation volumes from the PGA as of February 2007 - (See Note 1)									(1) (1,189,575)
Adjusted Beginning Balance at March 1, 2007 Per ORS									5,823,087
Less: Difference due to rounding									(10) (5,823,077)
Beginning Balance at March 1, 2007 Per Company									5,823,087
Mar-07	15,815,436	0.587406	0.92764	(0.340234)	(9,160,532)	(178,942)	(895)	(9,355,909)	(3,532,832)
Mar-07 - Interest @ 5.301%					8,097	(23,637)			
					(9,152,435)	(202,579)			
Apr-07	11,978,864	0.804845	0.95766	(0.152815)	(2,274,413)	2,037,491	0	(253,513)	(3,786,345)
Apr-07 - Interest @ 5.281%					(1,908)	(14,683)			
					(2,276,321)	2,022,808			
May-07	6,558,800	0.611570	0.95766	(0.346090)	(3,711,649)	2,409,996	0	(1,325,149)	(5,111,494)
May-07 - Interest @ 5.542%					(19,151)	(4,345)			
					(3,730,800)	2,405,651			
Jun-07 (4)	5,363,954	0.671658	0.96056	(0.288902)	(2,307,212)	2,447,644	(19)	116,983	(4,994,511)
Jun-07 - Interest @ 5.722%					(30,895)	7,465			
					(2,338,107)	2,455,109			
Jul-07	4,673,948	0.661286	0.96056	(0.299274)	(2,115,258)	2,358,480	(1)	213,553	(2,860,958)
Jul-07 - Interest @ 5.421%					(38,971)	26,361			
					(2,154,229)	2,384,841			
Aug-07	4,225,137	0.606992	0.85744	(0.250448)	(1,743,314)	2,752,600	0	1,001,514	(1,859,444)
Aug-07 - Interest @ 5.197%					(45,077)	37,305			
					(1,788,391)	2,789,905			
Sep-07	4,963,942	0.752068	0.83599	(0.083922)	(553,918)	2,023,895	0	1,468,529	(390,915)
Sep-07 - Interest @ 5.229%					(47,969)	46,521			
					(601,887)	2,070,416			
Oct-07	5,882,650	0.798216	0.83599	(0.037774)	(278,385)	2,998,418	0	2,730,221	2,339,306
Oct-07 - Interest @ 5.123%					(48,382)	58,570			
					(326,767)	3,056,988			
Nov-07	17,612,072	1.241169	0.823340	0.417829	5,928,953	261,867	0	6,207,966	8,547,272
Nov-07 - Interest @ 4.620%					(21,054)	54,055			
Uncollectibles-Commodity Only					(15,855)	0			
				(2)	5,892,044	315,922			

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2008-5-G**  
**(OVER)/UNDER REVENUE COLLECTION**  
**FOR THE TWELVE MONTHS ENDED FEBRUARY 29, 2008**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Total Firm Commodity Cost	Total Firm Sales Therms	Commodity Cost Per Therm (1) + (2)	Billing Commodity Cost Per Therm	Difference (3) - (4)	Commodity (Over)/Under Collection (2) X (5)	Demand (Over)/Under Collection	Prior Month Adjustments	Total Monthly (Over)/Under Collection	Cumulative (Over)/Under Collection
Dec-07	21,155,031	23,438,526	0.902575	0.846170	0.056405	1,322,050 (16,273)	(2,422,817) 45,554	0	(1,073,113)	7,474,159
Dec-07 - Interest @ 4.683% Uncollectible-Commodity Only						(2) 1,304,150	(2,377,263)			
Jan-08	39,581,441	33,096,684	1.195934	0.842940	0.352994	11,682,931 27,038	(5,463,300) (15,328)	(10,540,218)	(4,245,807)	3,228,352
Jan-08 - Interest @ 4.292% Uncollectible-Commodity Only						(2) 63,070	(5,478,628)			
Feb-08	23,515,654	34,399,896	0.683507	0.886330	(0.202733)	(6,973,994) 2,175	(3,016,824) (25,501)	0	(10,002,194)	(6,773,842)
Feb-08 - Interest @ 4.182% Uncollectible-Commodity Only						(2) 11,950	(3,042,325)			
						(6,959,869)				
Totals	161,326,929	193,642,202				(10,359,573)	6,400,845	(8,638,191)	(12,596,919)	
Cumulative (Over)/Under Collection at February 29, 2008										(6,773,842) (7)

**Note (1):** This amount was included in the ORS schedule at February 2007 but was not adjusted by the Company until July 2007. This amount is included in the prior month adjustment amount of \$1,902,941.

**Note (2):** These amounts represent the write-off of the gas costs deemed to be uncollectible. The Commission approved this procedure in Docket No 2006-5-G, Order No 2006-479 dated November 13, 2006.

**Note (3):** This amount is comprised of (\$10,540,223) in franchise fees charged to the (Over)/Under collection and a prior month adjustment of \$5.

**Note (4):** During the month of June 2007 the company did not implement the newly filed rates until billing cycle 7-20. For cycles 1-6 the company billed at the May 2007 approved rates.

**Note (5):** Cumulative balance includes \$57,174 adjustment due to rate change for cycles 1-6.

**Note (6):** Total interest calculated and included in this schedule is \$40,036.

**Note (7):** Total differs from company schedule due to \$57,174 adjustment referenced in Note (5) plus rounding.

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2008-5-C**  
**CALCULATION OF DEMAND COST (OVER)/UNDER COLLECTION**  
**FOR THE TWELVE MONTHS ENDED FEBRUARY 29, 2008**

Audit Exhibit RHB-2

Description	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>(1) Net Firm Capacity Charges</b>												
Residential - Nov'06-Jul'07= 64.30%, Eff. Aug'07=66.68%												
General - Nov'06-Jul'07=29.06%, Eff. Aug'07=30.58%	\$ 3,144,543	\$ 3,093,734	\$ 2,821,303	\$ 2,609,619	\$ 2,436,046	\$ 2,847,020	\$ 2,342,266	\$ 3,117,067	\$ 2,711,029	\$ 2,844,957	\$ 2,284,515	\$ 2,394,607
Large - Nov'06-Jul'07= 6.64%, Eff. Aug'07=2.74%	1,421,158	1,398,194	1,275,071	1,179,402	1,100,937	1,305,667	1,074,183	1,429,513	1,243,300	1,304,721	1,047,698	1,098,187
Total	4,800,425	4,811,405	4,387,718	4,058,506	3,785,564	4,269,676	3,512,697	4,674,666	4,065,730	4,266,582	3,426,088	3,591,193
<b>(2) Actual Sales Thermos</b>												
Residential												
General	17,202,491	8,047,398	4,650,600	2,757,565	2,304,102	2,105,175	2,055,004	2,432,502	7,799,133	15,132,426	22,166,740	23,123,569
Large	9,235,222	6,435,530	5,771,539	4,938,842	4,491,079	4,544,694	4,268,517	4,629,034	5,906,192	7,793,018	10,084,802	10,588,219
Total	28,200,894	15,947,704	11,751,960	8,891,253	7,961,561	6,960,781	6,600,390	7,369,745	14,189,903	23,438,526	33,096,684	34,399,896
<b>(3) Actual Demand Charges Per Therm</b>												
Residential												
General	\$ 0.18280	\$ 0.38444	\$ 0.60665	\$ 0.94635	\$ 1.05726	\$ 1.35239	\$ 1.19797	\$ 1.28142	\$ 0.14761	\$ 0.18800	\$ 0.10306	\$ 0.10356
Large	0.15388	0.21726	0.22092	0.23880	0.24514	0.28729	0.25165	0.30881	0.21051	0.16742	0.10389	0.10372
Total	0.18417	0.21811	0.21909	0.22554	0.21568	0.37628	0.34763	0.41558	0.22989	0.22785	0.11108	0.14300
<b>(4) Projected Charges Per Therm</b>												
Residential												
General	\$ 0.20055	\$ 0.19957	\$ 0.19957	\$ 0.22847	\$ 0.22847	\$ 0.28018	\$ 0.29443	\$ 0.29443	\$ 0.32728	\$ 0.33228	\$ 0.30539	\$ 0.21273
Large	0.15018	0.15092	0.15092	0.16306	0.16306	0.19016	0.19374	0.19374	0.19740	0.20081	0.19464	0.14752
Total	0.13186	0.13425	0.13425	0.14689	0.14689	0.20265	0.20501	0.20501	0.17648	0.18751	0.18575	0.18465
<b>(5) Difference Between Actual and Projected (Over)/Under</b>												
Residential												
General	\$ (0.01775)	\$ 0.18487	\$ 0.40708	\$ 0.71788	\$ 0.82879	\$ 1.07221	\$ 0.84536	\$ 0.98699	\$ 0.02033	\$ (0.14428)	\$ (0.20233)	\$ (0.10917)
Large	0.00370	0.06634	0.07000	0.07574	0.08208	0.09713	0.05791	0.11507	0.01311	(0.03339)	(0.09075)	(0.04380)
Total	0.05231	0.08386	0.08484	0.07865	0.06879	0.17363	0.14262	0.21057	0.05341	0.04034	(0.07467)	(0.04165)
<b>(6) Actual Sales Thermos</b>												
Residential												
General	17,202,491	8,047,398	4,650,600	2,757,565	2,304,102	2,105,175	2,055,004	2,432,502	7,799,133	15,132,426	22,166,740	23,123,569
Large	9,235,222	6,435,530	5,771,539	4,938,842	4,491,079	4,544,694	4,268,517	4,629,034	5,906,192	7,793,018	10,084,802	10,588,219
Total	28,200,894	15,947,704	11,751,960	8,891,253	7,961,561	6,960,781	6,600,390	7,369,745	14,189,903	23,438,526	33,096,684	34,399,896
<b>(7) (Over)/Under Demand Charges</b>												
Residential												
General	\$ (305,344)	\$ 1,487,722	\$ 1,893,166	\$ 1,979,601	\$ 1,909,617	\$ 2,257,190	\$ 1,737,218	\$ 2,400,855	\$ 158,556	\$ (2,183,306)	\$ (4,484,997)	\$ (2,524,400)
Large	34,170	426,933	404,008	374,068	368,628	441,426	247,190	532,663	77,430	(260,209)	(915,196)	(463,764)
Total	\$ (178,942)	\$ 2,037,491	\$ 2,409,996	\$ 2,447,644	\$ 2,358,480	\$ 2,752,600	\$ 2,023,895	\$ 2,998,418	\$ 261,867	\$ (2,422,817)	\$ (5,463,300)	\$ (3,016,824)

(Note 1)

**Note:** The Company did not implement the newly filed Project Charge Per Therm rates until Billing Cycle 7 on June 14, 2007. The Company continued to use the rates filed in April 2007, which were also in effect in May 2007, for Cycles 1-6.

SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2008-5-G  
 STORAGE INVENTORY ACTIVITY  
 FOR THE TWELVE MONTHS ENDED FEBRUARY 29, 2008

**TOTAL UNDERGROUND STORAGE**

	Injections			Withdrawals			Balance		
	DT's #	Price \$	Amount \$	DT's #	Price \$	Amount \$	DT's #	Amount \$	Wtd. Cost \$
Beg. Bal.									
Mar-07	600,122	7.78481	4,671,834	(258,965)	8.75772	(2,267,944)	3,348,882	28,945,265	8.64326
Apr-07	46,712	7.74011	361,556	(752,607)	8.54769	(6,433,048)	3,690,039	31,349,155	8.49562
May-07	157,387	7.76608	1,222,280	(145,396)	8.56531	(1,245,362)	2,984,144	25,277,663	8.47066
Jun-07	267,095	7.74483	2,068,606	(78,331)	8.51525	(667,008)	2,996,135	25,254,581	8.42905
Jul-07	600,795	6.74369	4,051,576	(93,591)	8.43607	(789,540)	3,184,899	26,656,179	8.36955
Aug-07	503,953	6.56557	3,308,738	(113,443)	8.14286	(923,751)	3,692,103	29,918,215	8.10330
Sep-07	495,215	5.76444	2,854,635	(62,402)	7.93795	(495,344)	4,082,613	32,303,202	7.91238
Oct-07	276,680	6.65308	1,840,774	(191,129)	7.70173	(1,472,024)	4,515,426	34,662,493	7.67646
Nov-07	279,880	7.46260	2,088,634	(379,581)	7.65059	(2,904,018)	4,600,977	35,031,243	7.61387
Dec-07	334,597	7.43799	2,488,729	(516,845)	7.63713	(3,947,210)	4,501,276	34,215,859	7.60137
Jan-08	275,030	7.81130	2,148,341	(1,339,078)	7.62361	(10,208,607)	4,319,028	32,757,378	7.58443
Feb-08	273,641	8.51892	2,331,126	(874,145)	7.64142	(6,679,711)	3,254,980	24,697,112	7.58748
	4,111,107	7.16032	29,436,829	(4,805,513)	7.91457	(38,033,567)	2,654,476	20,348,527	7.66574



SOUTH CAROLINA ELECTRIC AND GAS COMPANY, INC. - DOCKET NO. 2008-5-G  
LNG INVENTORY ACTIVITY  
FOR THE TWELVE MONTHS ENDED FEBRUARY 29, 2008

TOTAL LNG STORAGE

	Boil-off			Vaporization			Liquefaction			Derime Gas		
	MCF #	Rate \$	Amount \$	MCF #	Rate \$	Amount \$	MCF #	Rate \$	Amount \$	MCF #	Rate \$	Amount \$
Beg. Bal.												
Mar-07	(30,453)	9.812761	(298,828)	(60,880)	12.528729	(762,749)	0	0.000000	0	0	0.000000	0
Apr-07	(27,319)	9.926315	(271,177)	0	0.000000	0	0	0.000000	0	0	0.000000	0
May-07	(29,306)	9.864703	(289,095)	0	0.000000	0	0	0.000000	0	0	0.000000	0
Jun-07	(50,252)	9.888004	(496,892)	0	0.000000	0	0	0.000000	0	0	0.000000	0
Jul-07	(29,011)	9.405536	(272,864)	(872)	11.532110	(10,056)	86,261	6.924450	597,310	(1,320)	0	0
Aug-07	(32,127)	9.027640	(290,031)	0	0.000000	0	180,324	6.719849	1,211,750	0	0	0
Sep-07	(31,521)	8.638178	(272,284)	0	0.000000	0	210,931	5.921908	1,249,114	0	0	0
Oct-07	(34,683)	8.538506	(296,141)	0	0.000000	0	215,494	6.755492	1,455,768	0	0	0
Nov-07	(28,630)	8.419001	(241,036)	(4,039)	8.718495	(35,214)	0	0.000000	0	0	0	0
Dec-07	(32,557)	8.572688	(279,101)	0	0.000000	0	0	0.000000	0	0	0	0
Jan-08	(28,038)	8.361723	(234,446)	(623,992)	11.780185	(7,350,741)	0	0.000000	0	0	0	0
Feb-08	(28,331)	8.512407	(241,165)	(9,290)	7.518192	(69,844)	0	0.000000	0	0	0	0
Totals	(382,228)	9.112519	(3,483,060)	(699,073)	11.770736	(8,228,604)	693,010	6.513531	4,513,942	(1,320)		

	Gas Lost To Atmosphere			Volume Transfers			Direct Costs			Ending Balance		
	MCF #	Rate \$	Amount \$	MCF #	Rate \$	Amount \$	Volume Adjustment MCF #	Capitalized Amount \$	MCF #	Rate \$	Amount \$	
Beg. Bal.												
Mar-07	0	0.000000	0	0	0.000000	0	0	8,764	1,448,744	10.535038	15,262,573	
Apr-07	0	0.000000	0	0	0.000000	0	0	420	1,357,411	10.468281	14,209,760	
May-07	0	0.000000	0	0	0.000000	0	0	175	1,330,092	10.479728	13,939,003	
Jun-07	0	0.000000	0	0	0.000000	0	0	351,668	1,300,786	10.493719	13,650,083	
Jul-07	0	0.000000	0	0	0.000000	0	0	22,495	1,250,534	10.799274	13,504,859	
Aug-07	0	0.000000	0	0	0.000000	0	0	41,086	1,305,592	10.601891	13,841,744	
Sep-07	0	0.000000	0	0	0.000000	0	0	30,380	1,453,789	10.183423	14,804,549	
Oct-07	0	0.000000	0	0	0.000000	0	0	33,691	1,633,199	9.681465	15,811,759	
Nov-07	0	0.000000	0	0	0.000000	0	(23,407)	(203,752)	1,814,010	9.374302	17,005,077	
Dec-07	0	0.000000	0	0	0.000000	0	0	263	1,757,934	9.400282	16,525,075	
Jan-08	(660)	7.151515	(4,720)	0	0.000000	0	0	86,934	1,725,377	9.416051	16,246,237	
Feb-08	0	0.000000	0	0	0.000000	0	0	2,365	1,072,687	8.150806	8,743,264	
Totals	(660)	7.151515	(4,720)	0	0.000000	0	(23,407)	374,489	1,035,066	8.148872	8,434,620	

Month	Type of Contract	No. of Contracts	Gain or (Loss)	Trading Fees	Gain or (Loss) Recognized	Kase & Company	Direct Labor Charges	Margin Carrying Cost	Zainet Software	Net Gain or (Loss)
Mar-07	Futures/Swaps	80	\$ (1,982,875)	\$ (922)	\$ (1,983,797)	\$ (4,500)	\$ (2,321)	\$ (17,997)	\$ -	\$ (2,008,615)
Apr-07	Futures/Swaps	69	(830,744)	(720)	(831,464)	(4,500)	(1,957)	(18,405)	(10,985)	(867,311)
May-07	Futures/Swaps	58	(678,020)	(568)	(678,588)	(4,500)	(1,647)	(18,836)	-	(703,571)
Jun-07	Futures/Swaps	71	(653,332)	(568)	(653,900)	(4,500)	(2,747)	(18,829)	-	(679,976)
Jul-07	Futures/Swaps	39	(929,903)	(284)	(930,187)	(4,500)	(1,929)	(15,844)	(11,534)	(963,994)
Aug-07	Futures/Swaps	45	(1,491,682)	(177)	(1,491,859)	(4,500)	(2,929)	(12,812)	-	(1,512,100)
Sep-07	Futures/Swaps	34	(1,149,871)	(198)	(1,150,069)	(4,500)	(1,767)	(11,105)	-	(1,167,441)
Oct-07	Futures/Swaps	70	(1,474,887)	(358)	(1,475,245)	(4,500)	(1,831)	(9,552)	(11,643)	(1,502,771)
Nov-07	Futures/Swaps	109	(1,519,225)	(3,651)	(1,522,876)	(4,500)	(2,893)	(8,125)	-	(1,538,394)
Dec-07	Futures/Swaps	189	(3,281,813)	(162)	(3,281,975)	(4,500)	(1,958)	(8,054)	-	(3,296,487)
Jan-08	Futures/Swaps	170	(3,281,071)	(152)	(3,281,223)	(4,500)	(2,083)	(7,288)	(13,698)	(3,308,792)
Feb-08	Futures/Swaps	149	(1,475,903)	(134)	(1,476,037)	(4,500)	(914)	(7,202)	-	(1,488,653)
Totals		1,083	\$ (18,749,326)	\$ (7,894)	\$ (18,757,220)	\$ (54,000)	\$ (24,976)	\$ (154,049)	\$ (47,860)	\$ (19,038,105)

**Total Increase to the Cost of Gas (Sep 06 to Feb 07)**

Total Increase to the Cost of Gas (Mar 07 to Apr 08)

Cumulative Increase to the Cost of Gas (Sep 06 to Apr 08)